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May 10, 1996

Mark Young
New York Metro

Mr. Dirk Herrman

Subject: Moonlight Update / New York Metro

Dear Dirk,

Over the past several weeks, we've had numerous conversations on the progress of Moonlight in the region, and our future plans. I felt it was time to give you a detailed report of where we are currently at, as well as the region objectives for Moonlight for the remainder of 1996.

Current Distribution Status

- ☐ Stores with Moonlight brands (5/10/96): 1,143 stores
(est. final IceBox Blitz results next wk.): 1,958 stores
Region Total Moonlight stores: 3,101 stores
- ☐ Wave Two expansion: 400 stores
Region Total Moonlight stores by June 30: 3,501 stores
- ☐ Wave Three expansion: 1,500 stores
Region Total Moonlight stores by Oct. 30: 5,000 stores

Special Projects just completed / or planned to support Moonlight

Jersey City Division / "Bee's" Blitz / completed last wk. in April.

- * Four Sales Representatives / total selling for 5 days
- * Priority placed on Young Adult package outlets
- * Hoboken, Jersey City / across from Manhattan
- * 325 stores were sold Bee's and IceBox or Planet
- * 2,586 cartons sold / 86 (6m) cases sold.

Nassau NY Division / "Bees, IceBox" Blitz / Last week

- * 9 Sales assignments were involved / one week
- * 304 stores were sold
- * 1,288 cartons sold / 36 (6m) cases sold.

Bronx ICEBOX Blitz / 5/5/96 to 5/17/96 (two week Focus)

- * One week of the two week program completed
- * Eleven (2 person) teams contacting 2,200 retail calls
- * 89% distribution achieved first week
- * Est. selling 1,958 stores (based on wk.1 results)
- * Est. selling 4,230 cartons / 142 (6m) cases

Chain Projects involved with Moonlight Brands

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Dwane Reade Drugs: 49 high volume Manhattan Drug stores have been presented Bees, IceBox, Planet, and Jumbo. Moonlight was tied into our 1996 merchandising presentation. We expect approval in the next two weeks.

7-Eleven (franchise) / Long Island: These 120 7-Eleven stores are currently being prebooked for Bees and IceBox. Next week, 100 locations will have the Moonlight product available for sale.

Manhattan Division (3 Moonlight Representatives: Continue to expand the distribution throughout the City area. NorthStar, Planet and IceBox have all been added to these three dedicated Moonlight Rep's in the Manhattan area.

Recommendations and general observations / Moonlight

Now that the region is expanding the distribution to a greater number of retail stores, we should begin to see a much higher level of direct account case shipments. Bee's continue to show strong consumer appeal, due to the packaging and the unique tobacco blend (it is a good smoke). Jumbo, Sedona also continue to show good movement, with very high expectations on the new IceBox and Planet brands.

To achieve the increased distribution, naturally we have had to introduce several moonlight brands to additional direct accounts, as well as many sub-jobbers. We've enclosed an up to date list of Direct Accounts currently stocking the Moonlight brands.

Merchandising Moonlight / Comments:

The 30 and 60 pack Moonlight temporary displays work very well, in the stores having only a few permanent displays. Realistically, the average store doing a fair volume, will have anywhere from 6 to 8 permanent contracted displays. Our temporary display in these stores, in many cases, ends up in locations that most consumers would have to hunt for.

If the moonlight products are not "directly in the Consumer Face", our sales will be minimal in the store. Moonlight is an Impulse Item! We

have

in several stores where acceptable locations could not be secured, taken a tray on one of our Full Price Displays for Moonlight (with appropriate

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moonlight advertising on the 24 in. adv. holder). This automatically places the brands in the prime location on the counter, and the sales definitely pick up at that point.

Advertising Observations / Recommendations:

- ☐ *The Moonlight decals work well, especially the Door Decal. As Moonlight evolves, we would recommend brand specific Large Door Decals for Bees, Jumbo, Icebox and Planet. These decals offer this market tremendous advertising presence.*
- ☐ *At the same time, the new brand specific Large Pastors for IceBox and Planet are very effective items in NYM.*
- ☐ *As we previously discussed, we could definitely use brand specific small "Banners" in this market (3ft by 5 ft).*
- ☐ *In those retail calls where our best shot at the consumer is on a tray of our permanent display, we could also use brand specific "24 inch cards" for this standard display item.*

Dirk, we hope this update allows you to understand where we are and where we plan to go with Moonlight in this region. We continue to embrace anything that will help us achieve the company's short and long term goals. Please give me a call if you have any questions.

Sincerely
Mark Young

Attachments
cc: Dave Wilmesher

NYM Distributors that have Moonlight "In Stock Now"

| Distributor / Direct | | Bees | Metro | Sedona | Jumbo | City | IceBox | Planet | |
|--------------------------|----|------|-------|--------|-------|------|--------|--------|------------------------|
| <u>Mandell Tobacco</u> | NY | X | X | X | X | X | X | X | <u>North Star</u> |
| <u>Amsterdam Tobacco</u> | NY | X | X | X | X | X | X | X | |
| <u>Bonanza Too</u> | NY | X | X | X | X | X | X | X | |
| <u>Tiger Tobacco</u> | NY | X | X | X | X | X | X | X | |
| <u>Gutlove Tobacco</u> | NY | X | | | X | | X | X | |
| <u>Levinson</u> | NY | X | X | X | X | X | X | X | |
| <u>South Beach</u> | NY | X | X | | | | X | X | |
| <u>Borough Hall</u> | NY | X | X | X | X | | X | X | |
| <u>Sunrise Tobacco</u> | NY | X | | | | | X | X | |
| <u>Globe Wholesale</u> | NY | X | X | X | X | X | X | X | |
| <u>T&R Tobacco</u> | NY | X | | | | | X | | |
| <u>Center Candy Co.</u> | NY | X | | | | | X | X | |
| <u>Koger Dist.</u> | NY | X | | | | | X | X | |
| <u>Queens Tob.</u> | NY | X | | | | | X | ■ | |
| <u>Pennesi Tob.</u> | NY | X | | | | | X | ■ | |
| <u>Andron</u> | NY | X | X | X | X | X | X | X | <u>No.Star/Politix</u> |
| <u>Empire Candy</u> | NY | X | | | | | ■ | ■ | |
| <u>Amy-Lynne</u> | NY | X | | | | | X | X | |
| <u>Stan-Lou</u> | NY | X | | | | | X | ■ | |
| <u>S & A Tob.</u> | NY | X | | | | | X | X | |
| <u>Andy's Tob.</u> | NY | X | | | | | X | ■ | |
| <u>Stomel/Hauppauge</u> | NY | X | | | | | X | X | |
| <u>City Line</u> | NY | X | | | | | X | ■ | |
| <u>Trenk Wholesale</u> | NJ | X | X | | | | X | X | |
| <u>Irvington Tobacco</u> | NJ | X | X | | | | ■ | ■ | |
| <u>E. Kleiner</u> | NJ | X | X | | | | X | X | |
| <u>Gliken Brothers</u> | NJ | X | X | | | | X | X | |
| <u>Middlesex</u> | NJ | X | X | X | X | X | X | X | |
| <u>M.Bernstein</u> | NJ | X | | | | | ■ | ■ | |
| <u>King Vending</u> | NJ | X | | | | | ■ | ■ | |
| <u>Star Tob.</u> | NJ | X | | | | | ■ | ■ | |
| <u>United Tob.</u> | NJ | X | | | | | ■ | ■ | |
| <u>Eisler & Co.</u> | NJ | X | | | | | ■ | ■ | |
| <u>Pine Lessor</u> | NJ | X | | | | | ■ | ■ | |
| <u>CSD</u> | NJ | X | | | | | ■ | ■ | |
| <u>B. Eisler Tobacco</u> | NJ | X | | | | | ■ | ■ | |

X In Stock Now
 ■ Will be ordered in May